

9535
RECEIVED
LEGISLATIVE AUDITOR
02 MAR 11 AM 10:34

FIRE PROTECTION DISTRICT NO. 3
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/13/02

C O N T E N T S

	<u>PAGE</u>
Independent Auditors' Report.	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS	
Financial Statements	
Combined Balance Sheet All Funds and Account Groups	3
Statement of Receipts, Expenditures and Changes in Fund Balance	4
Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget & Actual	5
Notes to the Financial Statements	6-13
SUPPLEMENTAL INFORMATION	
Schedule of Insurance in Force	14
INTERNAL CONTROL AND COMPLIANCE REPORT	
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards.</u>	15-17

ADAMS & JOHNSON

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 729 • 517 WISE STREET

PATTERSON, LOUISIANA 70392

(985) 395-9545

HERBERT J. ADAMS, JR., C.P.A.

WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Fire Protection District No. 3
of the Parish of St. Mary
State of Louisiana
P.O. Box 921
Amelia, LA 70340

We have audited the accompanying general purpose financial statements of Fire Protection District No. 3, a component unit of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 2001 as listed in the financial information section of the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection District No. 3 of the Parish of St. Mary, State of Louisiana as of September 30, 2001 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents, while not considered necessary for a fair presentation of the financial statements, is presented as supplementary analytical data. Such information is marked "unaudited", on which we express no opinion.

In accordance with Government Auditing Standards, we have also issued a report dated January 10, 2002 on our consideration of Fire Protection District No. 3's compliance and on internal control over financial reporting based on an audit of financial statements.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, Louisiana
January 10, 2002

FINANCIAL INFORMATION SECTION

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

COMBINED BALANCE SHEET
ALL FUNDS AND ACCOUNT GROUPS
September 30, 2001
With Comparative Totals for September 30, 2000

	Government Fund Type <u>General</u>	General Fixed <u>Assets</u>	<u>Totals</u> <u>Memorandum Only</u>	
			<u>9/30/01</u>	<u>9/30/00</u>
<u>ASSETS</u>				
Cash	\$ 223,439	\$ ---	\$ 223,439	\$ 156,363
Due from Employee	1,661	---	1,661	---
Prepaid Expenses	14,545	---	14,545	9,547
Deposits	1,489	---	1,489	1,489
Property, Plant & Equipment	<u>---</u>	<u>243,205</u>	<u>243,205</u>	<u>246,369</u>
Total Assets	\$ 241,134 =====	\$ 243,205 =====	\$ 484,339 =====	\$ 413,768 =====
<u>LIABILITIES, EQUITY & OTHER CREDITS</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 738	\$ ---	\$ 738	\$ 3,108
Payroll Taxes Payable	<u>794</u>	<u>---</u>	<u>794</u>	<u>857</u>
Total Liabilities	\$ 1,532	\$ ---	\$ 1,532	\$ 3,965
<u>Equity & Other Credits</u>				
Investments in General				
Fixed Assets	\$ ---	\$ 243,205	\$ 243,205	\$ 246,369
Fund Balances				
Unreserved/Undesignated	<u>239,602</u>	<u>---</u>	<u>239,602</u>	<u>163,434</u>
Total Equity & Other Credits	<u>239,602</u>	<u>243,205</u>	<u>482,807</u>	<u>409,803</u>
Total Liabilities, Equity & Other Credits	\$ 241,134 =====	\$ 243,205 =====	\$ 484,339 =====	\$ 413,768 =====

The accompanying notes are an integral part of these financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended September 30, 2001
With Comparative Totals for September 30, 2000

	<u>General Fund</u>	
	<u>9/30/01</u>	<u>9/30/00</u>
RECEIPTS		
Ad Valorem Taxes	\$ 161,346	\$ 100,933
Interest	<u>8,100</u>	<u>5,560</u>
Total Receipts	\$ 169,446	\$ 106,493
EXPENDITURES		
Advertising	\$ 47	\$ 140
Fuel	1,450	1,058
Insurance	15,150	17,243
Dues	1,453	650
Legal and Accounting	3,810	5,252
Office Expense	829	221
Per Diem - Board Members	1,320	1,320
Repairs and Maintenance	3,252	2,354
Rent	500	500
Supplies	7,684	3,848
Telephone	1,710	2,839
Uniforms	1,086	---
Utilities	3,961	3,399
Capital Outlay	10,339	---
Salaries	33,250	32,400
Taxes	480	605
Retirement	4,965	2,913
Education	<u>1,992</u>	<u>5,459</u>
Total Expenditures	<u>93,278</u>	<u>80,201</u>
Excess of Receipts Over Expenditures	\$ 76,168	\$ 26,292
FUND BALANCE		
Beginning of Year	<u>163,434</u>	<u>137,142</u>
End of Year	\$ 239,602 =====	\$ 163,434 =====

The accompanying notes are an integral part of these financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ <Unfavorable>
REVENUES			
Ad Valorem Taxes	\$ 159,000	\$ 161,346	\$ 2,346
Interest	<u>5,000</u>	<u>8,100</u>	<u>3,100</u>
Total Revenues	\$ 164,000	\$ 169,446	\$ 5,446
EXPENDITURES			
Capital Outlay	\$ 141,000	\$ 10,339	\$ 130,661
Operating Expenses	15,000	5,797	9,203
Salaries & Benefits	50,000	41,196	8,804
Fire Department Expenses	<u>75,000</u>	<u>35,946</u>	<u>39,054</u>
Total Expenditures	<u>281,000</u>	<u>93,278</u>	<u>187,722</u>
Excess Receipts Over <Under> Expenditures	\$< 117,000>	\$ 76,168	\$ 193,168
FUND BALANCE			
Beginning of Year	<u>163,434</u>	<u>163,434</u>	<u>---</u>
FUND BALANCE			
End of Year	\$ 46,434 =====	\$ 239,602 =====	\$ 193,168 =====

The accompanying notes are an integral part of these financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 3 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 1044 of the St. Mary Parish Council on July 27, 1988. The District encompasses Ward Nine of the Parish of St. Mary, State of Louisiana. The purpose of the District is to provide fire protection in that portion of the Parish. They primarily accomplish this by providing equipment to and reimbursing the Amelia Volunteer Fire Department for fire protection expenses. The Amelia Volunteer Fire Department is located within the District which encompasses Fire Protection District No. 3.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517, and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A) REPORTING ENTITY

GASB Statement No. 14, Governmental Reporting Entity, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. Fire Protection District No. 3 is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2001. Fire Protection District No. 3 has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The following fund type and account group are used by the District:

Governmental Fund Type

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. Currently the General Fund is the only fund required by the District to account for its operation.

Governmental Account Group

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

Investments - Investments are stated at cost. Statutes authorize the Fire Protection District No. 3 to invest in certificates of deposit, repurchase agreements, passbooks, bankers acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit, as required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data - Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

C) BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The following is a summary of how the District accounts for its revenues and expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receipts

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the tax assessments are mailed to the taxpayers.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt which is not recognized until due.

D) BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. This budget is a nonappropriated budget, which is approved by the Board of Commissioners in a manner authorized by statute. Encumbrances are not recorded by the District.

E) FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated. All fixed assets reflected on the balance sheet as of September 30, 2001 & 2000 are stated at historical cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) ACCUMULATED VACATION, COMPENSATORY TIME AND SICK LEAVE

Accumulated vacation, compensatory time and sick leave are recorded as an expenditure of the period in which earned. Unrecorded liabilities for the above are an immaterial amount for the years ended September 30, 2001 and September 30, 2000.

NOTE 2 - CASH AND CASH EQUIVALENTS

For financial statement purposes, cash and cash equivalents include demand deposits and certificates of deposit with a maturity of three months or less.

Cash and cash equivalents are stated at cost, which approximates market.

On September 30, 2001 and September 30, 2000, the carrying amount and bank balance of the District's deposits (cash) were \$223,439 and \$156,363.

The entire bank balance was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

NOTE 3 - AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. The taxes are delinquent by January 1 at which time an enforceable lien is attached to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received in January & February. For the years ended September 30, 2001 and 2000, total taxes collected were \$161,346 and \$100,933. The millage assessed on the property for the years ended September 30, 2001 was 8 mills and September 30, 2000 was 5 mills.

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	<u>Balance</u> <u>9/30/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/01</u>
Equipment	\$ <u>246,369</u>	\$ <u>10,339</u>	\$ <u>(13,503)</u>	\$ <u>243,205</u>
Total General Fixed Assets	\$246,369 =====	\$ 10,339 =====	\$ (13,503) =====	\$243,205 =====

NOTE 5 - LEASES

The District has no material long-term non-cancellable lease commitments at September 30, 2001 and 2000.

NOTE 6 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the years ended September 30, 2001 and 2000.

<u>Name</u>	<u>September 30, 2001</u>		<u>September 30, 2000</u>	
	<u>Meetings</u> <u>Attended</u>	<u>Amount</u>	<u>Meetings</u> <u>Attended</u>	<u>Amount</u>
Joseph Foret, Jr.	10	\$ 300	10	\$ 300
Leroy Gonzales	9	270	11	330
Larry Montet	9	270	7	210
Barbara Gaudet	9	270	8	240
Mike Dupre	7	210	8	240
		-----		-----
		\$1,320		\$1,320
		=====		=====

NOTE 7 - RETIREMENT PLAN

The only employee of the Fire Protection District No. 3 of St. Mary Parish is a member of the Louisiana Firefighters' Retirement System (System), a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by a separate board of trustees. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable services. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits.

Benefits are established by state statute. State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for all dedicated tax monies or appropriated funds.

Covered employees are required by the State Legislature to contribute 8% of their gross salaries to the plan. The District was required by the same statute to contribute 9% of each employee's gross salary to the plan. The District's contributions for the years ended September 30, 2001 and 2000 were \$4,965 and \$2,913.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Capitol Station, Baton Rouge, Louisiana 70804.

NOTE 8 - DUE FROM EMPLOYEE

During the year ended September 30, 2001 the District was notified by the Firefighter's Retirement System that the District failed to include the state supplemental pay on their total monthly compensation reported to the Firefighter's Retirement System. The unreported supplemental pay resulted in the underpayment of contributions in the amount of \$3,530 of which \$1,869 represented the District's portion and \$1,661 represented the employee's portion. The District payed the entire \$3,530 in error and the employee will reimburse the District his \$1,661 portion of the liability.

SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2001
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
United National	Public Officials Aggregate	\$1,000,000	7-01-02
American Alternative Ins.	Commercial Auto Liability	\$1,000,000	5-10-02
American Alternative Ins.	General Liability Aggregate	\$2,000,000	5-10-02
	Each Occurrence	1,000,000	
	Fire Damage	1,000,000	
	Medical	5,000	
American Alternative Ins.	Building & Portable Equipment	Replacement cost	5-10-02
LWCC	Worker's Compensation By Accident	\$ 100,000	Paid Quarterly
	Each Employee	100,000	

Fire Protection DISTRICT NO. 3
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

YEAR ENDED SEPTEMBER 30, 2001

ADAMS & JOHNSON

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 729 • 517 WISE STREET

PATTERSON, LOUISIANA 70392

(985) 395-9545

HERBERT J. ADAMS, JR., C.P.A.

WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Fire Protection District No. 3
of the Parish of St. Mary
State of Louisiana
P.O. Box 921
Amelia, LA 70340

We have audited the basic financial statements of the Fire Protection District No. 3 for the year ended September 30, 2001 and have issued our report thereon dated January 10, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Fire Protection District No. 3's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire Protection District No. 3's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that

might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Fire Protection District No.3's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

Finding:

Our examination disclosed that there is not any segregation of duties within the District's accounting function, (especially in the areas of cash receipts and cash disbursements). This weakness is due to the fact that the District utilizes one person in the bookkeeping function. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the District has only one employee, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also, the cost of hiring employees to handle the accounting function might exceed any benefits gained. The management of the District is well aware of the loss of internal control that results with one employee handling the accounting functions and are constantly on watch for any problems that would occur.

Recommendation:

Based upon the cost-benefit of hiring accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend management continue to closely monitor all records and transactions.

Management Response:

No response is considered necessary.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the use of management, the St. Mary Parish Council and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Fire Protection District No. 3 is a matter of public record.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, Louisiana
January 10, 2002